Risk Management Policy

Subject	Risk Management
Level	Governance
Document ID	??
Owner	Trust Board
Contact	Governance & Risk Manager
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1. Introduction

1.1. Purpose

1.1.1.   The Trust Board recognises that the key objective of risk management is to ensure as much as possible the safety of all people involved in Auckland War Memorial Museum Tāmaki Paenga Hira (the Museum) activities including staff, stakeholders and visitors, its infrastructure and information, and all taonga under kaitiaki of the Museum, as part of its objectives and obligations in the 1996 Auckland War Memorial Museum Act (the Act).

1.1.2.   The Trust Board seeks to systematically manage and regularly review its risk profile across all aspects of Museum activities and will achieve this by developing a risk management and compliance framework to identify risks, monitor any changes or additions, document relevant adaptations/mitigations and establish a process to review and report on the operation and effectiveness of risk adaptations/mitigations.

1.1.3.   The purpose of this document is to frame how the Trust Board is to receive risk information from the Museum organisation, and in turn how risk management can be imbedded across all aspects of the Museum activities.

1.2. Scope

This governance-level policy will reside at the top of a derived hierarchy of inter-related operational policies and procedures that guide Museum practices for identifying, assessing and mitigating risk across all its activities.

1.3. Definitions

Trust, Trust Board or Board	Auckland War Memorial Trust Board
Audit and Risk Committee	A committee of the Trust Board established by the Trust Board and governed by the Trust Board's Audit and Risk Committee Charter.
Executive	Senior Management of the Museum
Dynamic Risks	Those risks that have a high degree of fluctuation in form or impact over time. These risks are often related to stakeholder relationships and community interests.

Static Risks	Those perennial risks whose form remains extant but whose likelihood may vary through time. These relate largely to the effects of natural and man-made incidents and disasters.
Strategic Risks	Identified risks to achieving defined strategic objectives that are not captured in static or dynamic risks.

2. Risk Management Policy Statements

2.1. The management of risk is the responsibility of the Trust Board. In accordance with sections 3(3) and 26 of the Act, the Trust Board holds collective liability for the activities of the Museum. Individual members are not held personally liable for any act done or default made by the Trust Board acting in good faith in the operation of the Museum unless they have been duly delegated.

2.2. The Trust Board delegates to the Chief Executive the responsibility for implementing the Risk Management Framework outlined in section 3 below.

2.3. The Trust Board ensures that the Museum takes all reasonable steps to protect against natural and man-made disasters.

2.4. The Trust Board ensures that the Museums adheres to all required and relevant legislation throughout all its operations and activities.

2.5. The Trust Board ensures that the Museum has appropriate procedures and security to protect collections against theft or damage, including damage within the collection storage facilities.

2.6. The Chief Executive is responsible for ensuring that the Museum incorporates a formal risk management approach in its projects, planning, normal business operations, activities and processes.

2.7. The Chief Executive determines how risk is approached and treated, and is responsible for reporting significant risks, changes in risks and changes in risk mitigations to the Trust Board.

2.8. The Trust Board acknowledges that the identification, control and management of risk is important to the setting and attainment of the Museum's strategies and the external perceptions of the Museum and its business practices.

2.9. Should any Trust Board member, member of the Audit and Risk Committee or member of the Executive identify a risk they deem to be categorised as "High Impact and High Likelihood" between reporting periods then the risk should be immediately advised to the Chief Executive, who will elevate the communications to Chair of the Audit and Risk Committee and Chair of the Trust Board.

3. Risk Management Framework and Implementation

3.1. Overview

3.1.1.   The purpose of this Risk Management Framework is to identify and analyse the risks associated with the Museum's activities and, where appropriate, establishing policies and procedures to control, accept or eliminate them. The Framework enables Trust Board to interrogate the imbedded policies and procedures related to specific risk areas as required, as well as to monitor and adapt to any changed or new risks.

3.1.2.   The Framework is built from the hierarchy of relevant documentation that begins with defined legislation and flows through this governance-level Risk Management Policy, into operational policies and procedures (see Figure 1).

Figure 1: General hierarchy of risk policies and procedures
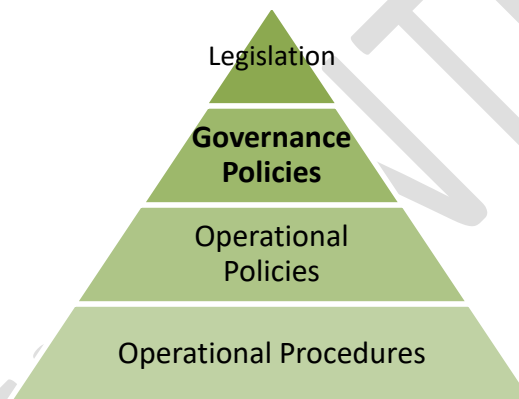
The Risk Management Framework facilitates the Trust Board and Museum staff to undertake the following steps through appropriate levels:

- Identify relevant risks;
- Prioritise relevant risks;
- Establish procedures to mitigate or eliminate risks;
- Monitor and report on changes or additions to risks and any adaptation/mitigation.

3.2. Categories

3.2.1.   The Trust Board has determined that risks across the Museum organisation be grouped in three general categories: Dynamic Risks, Static Risks and Strategic Risks (see Figure 2). Each category has related risk clusters which are the further broken out into specific identified risks.

3.2.2.   It is important to emphasise that these categories and clusters are not mutually exclusive and are inter-dependent, as the impact of risks in one category may apply across others. However, these categories will facilitate regular reporting and engagement by the Trust Board.

3.2.3 Dynamic Risks

Dynamic risks are those risks which have a high degree of fluctuation and are largely related to relationships with stakeholders, community perception and reputation. Dynamic risks are grouped into risk clusters of several individual risks that may involve one or more of the Museum teams (See Appendix A).

- Māori Relationships – relationships that are complex and include an extensive and varied range of stakeholders including iwi/hapu, Tamaki tribal leaders and Māori representation in Tamaki.
- Political Relationships – risks that could lead to loss of relationships with wider stakeholders, such as: Auckland Council, central Government.
- Other Community Relationships – Auckland Museum Institute, tertiary partners, peer institutions, Pacific communities, supporters and community partners.
- Social License – risks that lead to the Museum being unable to fulfil its objectives under the 1996 Act and maintain its social license as a trusted organisation ensuring value for investment.
- Legislative Environment – risks related to changes to the legislative environment such as impacts of a Council-led CCO review, a culture Heritage Review and/or a local government review.
- Relevance – risks related to the Museum remaining relevant, providing a quality public experience, and telling stories that are relevant to wider community interests.
- Funding – risks related to the reliance on the local government levy for the Museum's primary public funding.

3.2.4 Static Risks

Static risks are those perennial risks whose likelihood may fluctuate but are largely constant. Static risks are grouped into risk clusters of several individual risks that may involve one or more of the Museum teams (See Appendix B).
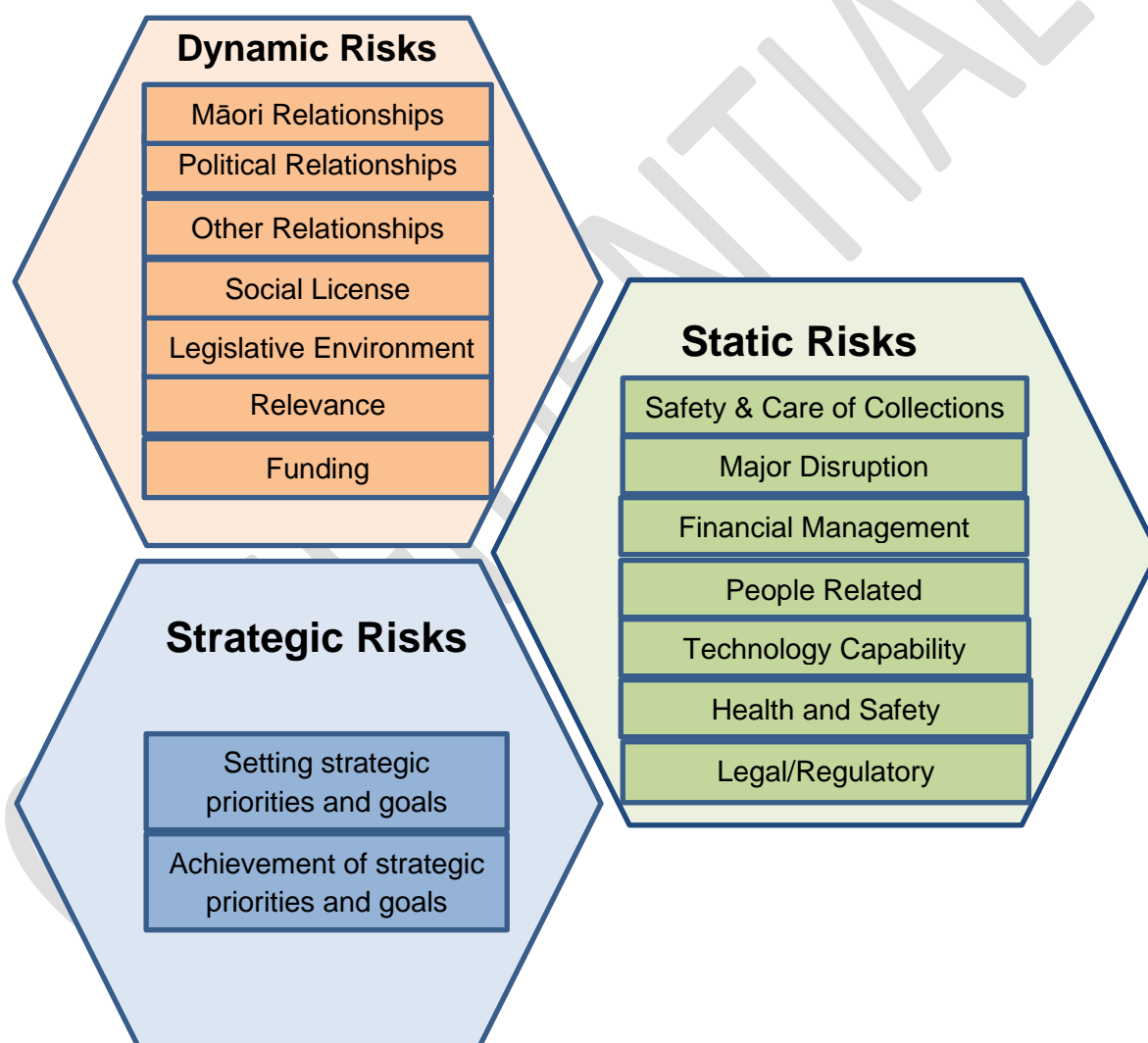
- Safety & Care of Collections – risks that could impact the security of the Museum collection.
- Major Disruption – risks related to the loss of essential services, including protests/sabotage, terrorism, natural disaster, pandemic.
- Financial Management – risks that could lead to financial distress, such as failure to diversify funding sources, poor budgeting or financial management, major fraud and loss of core funding sources.
- People Related – risks related to non-compliance of employment laws, retention of critical knowledge, talent retention etc.
- Technology Capability – risks arising from the provision of information technology services that would impact Museum activities.
- Health and Safety – risks that could impact the health and safety of all people undertaking Museum activities (including visitors).
- Legal / Regulatory Compliance – risks that could lead to prosecution or legal action taken against the Museum.

3.2.5   Strategic Risks

Strategic risks are those risks related directly to the Museum's identified six strategic goals or objectives as per the Five-Year Strategic Plan.   (See Appendix C).

- Setting Strategic Priorities and Goals – risks arising from the inability of the Museum to establish appropriate strategic goals and objectives in its Five Year Strategic and Annual Planning processes.
- Achieving Strategic Priorities and Goals – risks related directly to achieving the strategic goals or objectives defined in each respective Annual Plan.

Figure 2: Museum Risk Categories

Dynamic Risks
- Māori Relationships
- Political Relationships
- Other Relationships
- Social License
- Legislative Environment
- Relevance
- Funding

Static Risks
- Safety & Care of Collections
- Major Disruption
- Financial Management
- People Related
- Technology Capability
- Health and Safety
- Legal/Regulatory

Strategic Risks
- Setting strategic priorities and goals
- Achievement of strategic priorities and goals

3.3 Prioritisation of Risks

3.3.3 The risks identified within the above categories and clusters will be prioritised by the Trust Board in consultation with the Museum Executive based on the nature, potential impact, likelihood and acceptability of each risk.

3.3.4 Each of the individual risks in the risk clusters outlined in Appendix A may have a set of derived operational risks that sit behind it. For example, the individual risk *Unsafe Work Practices* within the Health and Safety cluster (see Appendix B) will have a wide range of derived operational risks underneath. Likewise, the prioritisation of the *Unsafe Work Practices* individual risk may be derived from the collective prioritisation of all those operational sub-risks. The assigned Executive will be responsible for undertaking that collective prioritisation of individual risks from the derived operational risks.

3.3.5 The impact of risks will be considered in terms of both financial and non-financial impacts.

3.3.6 Risks across the three categories may be rated as being HIGH, MODERATE and LOW based on their individually assessed Likelihood and Impact. To aid in this identification, individual risks can be rated based on the simplified Risk Appetite matrix at Appendix E. The appetite for some risks, such as Static Risks, may be more easily quantified but this matrix may also be used to assess the appetite for more subjective risks such as Dynamic and Strategic risks and prioritise any mitigation or adaptation.

3.3.7 The risks identified will be assigned an "action priority" rating, ranging from requiring immediate action to acceptance and periodic review, as follows:

High	Immediate Action
Moderate	Action required or Establish Contingency Plan
Low	Consider Action/Periodic Review

3.3.8 Risks rated HIGH, or risks rated as the Audit and Risk Committee may determine as appropriate, will be subject to quarterly reporting and review, by the Audit and Risk Committee and the Trust Board.

3.3.9 It is important to ensure that risks are regularly assessed by risk owners and teams as the relative appetite needs to be adjusted based on any changes to the likelihood or impact of individual risks.

3.4 Procedures to Control / Manage Risks

3.4.3 Having identified and prioritised individual risks, the following will be determined:

- The possible control strategies for the risk including:
  - Approval by the Executive and/or the Trust Board;
  - Transferral to or sharing with third parties;
  - Elimination by operational process;
  - Control by operational process;
  - Procedures/actions to avoid.

- The allocation of accountability for managing risks and monitoring controls.
- Procedures for reducing or adapting the risk to an acceptable level.

3.4.4 The control strategy for each risk identified will be recorded on appropriate risk register(s) by the Executive, with approval of the Chief Executive (see section 3.5).

3.5 Monitoring and Reporting on the Management of Risks

3.5.3 The Trust Board and Executive will ensure and satisfy themselves that the established system of risk management is working effectively, so that risks are identified and reported to the appropriate level.

3.5.4 The Trust Board recognises that monitoring and reporting on particular risks in the three categories requires different methodology. For example, Dynamic Risks, and any relevant mitigations or adaptions, are more subjective, while Static and Strategic Risks are more appropriately reported in a quantitative register.

3.5.5 The key purpose for monitoring risks across the three categories is to provide the Trust Board with visibility of any changes to identified risks or any new emergent risks or

- Dynamic Risks – Dynamic Risks will be monitored more subjectively in the three risk clusters and as related to the questions raised by the Trust Board for the relevant cluster.

- Static Risks – Static Risks will be monitored in the Static Risk register that will identify the relative risk rating for the general risks within each cluster. Any controls, mitigations or adaptations in place, and the resulting residual risk rating may be used by management for monitoring.

- Strategic Risks – Strategic Risks will be identified and monitored through the existing Statement of Service Performance (SSP) table describing progress towards achievement of strategic and annual plan objectives. This will change annually to align with defined Annual Plan objectives.

3.5.6 Risk Reporting

Dynamic and Strategic risks will be reported bi-monthly to the Audit & Risk Committee and Trust Board as an appendix to the Chief Executive's narrative report.

Static risks will be reported to the Trust Board on a biannual basis through the Static Risk Register.

(See Appendix F)

3.5.7 Internal Audit & Deep Dives

From time to time, where an elevated risk has been perceived the Chief Executive, in consultation with the Audit and Risk Committee and Trust Board, may request a more detailed audit into a specific risk cluster or individual risk(s).

(i) An internal audit request will be referred to the Executive who may appoint an external independent provider to undertake an audit with the relevant Museum teams. It is proposed this should take the form of a three-year rolling plan with one audit scheduled per annum if required. The results would be shared with the Audit and Risk Committee.

(ii) The Deep Dive will provide details about the risk(s) including the likelihood/impact as determined by the appetite matrix at Appendix E, and an appraisal of all relevant operational policies and procedures that are in place. Any areas that require additional mitigation or adaptation will be identified.

4   Review

4.2 This Policy will be reviewed regularly by the Audit and Risk Committee in accordance with the Policy Review Schedule, but not less than three years. Any revisions or changes to this Policy must be approved by the Trust Board.

4.3 On an annual basis, or as requested, the Audit and Risk Committee will review and discuss the report prepared under paragraph 3.5.4 and make an appropriate recommendation to the full Board annually or earlier as required.

Approved by the Trust Board – 24 June 2021

APPENDICES

A – Dynamic Risk Clusters

B – Static Risk Clusters

C – Strategic Risk Clusters

D – Risk Management Framework – template (to come from David Reeves)

E – Auckland Museum Risk Appetite Matrix

F – Audit and Risk Committee/Trust Board Risk Reporting Programme

APPENDIX A – Dynamic Risk Clusters

DYNAMIC RISK CLUSTER	IDENTIFIED RISKS
Māori Relationships	Complex, extensive and varied range of stakeholders
	Tamaki tribal political landscape is becoming more unpredictable (given Treaty Settlements and competing land interests)
	Qualifying local tribal needs above national tribal needs
	Māori representation in Tamaki
Political Relationships	Local government
	Central government
Other Community Relationships	Complex, extensive and varied range of stakeholders e.g. Auckland Museum Institute, tertiary partners, peer institutions, Pacific communities, supporters and community partners
Social Licence	Reputation management to remain a trusted Organisation
	Importance of understanding the pulse of the communities we serve
	Underinvestment in what society requires of a museum
	Importance of focus on core role of a museum
Legislative Environment	Impacts of CCO Review/Culture Heritage Review
	Potential impact of local government review
Relevance	Quality Public Experience
	Are our stories relevant? Are they presented in a relevant way?
	Kaitiakitanga-are we connected with the sources of our taonga?
	Connection to our diverse communities: how to we balance demands and be relevant?
	Visitor numbers: Barriers to visitation/ satisfaction
	Visitor Engagement: online
Funding	Reliance local government levy for primary public funding

APPENDIX B – Static Risk Clusters

STATIC RISK CLUSTER	IDENTIFIED RISKS
Safety & Care of Collections	Pest infestation
	Theft
	Fire
	Water
	Disassociation
	Physical forces
	Climate – temperature and humidity
Major Disruption	Loss of essential services
	Protest / sabotage
	Cyber security
	Terrorism
	Natural Disaster e.g. earthquake
	Pandemic
Financial Management	Failure to diversify funding sources
	Poor financial management
	Self-Generated commercial revenue
	Major fraud
People Related	Failure to comply with employment laws
	Retention of critical knowledge
	Talent retention
	Industrial action
Technology	Obsolescence of existing systems
Health & Safety	Hazardous substances / dangerous goods
	Facility not safe
	Structural collapse
	Unsafe work practices
Legal / Regulatory	Knowledge of relevant legislation
	Compliance with relevant legislation

APPENDIX C - Strategic Risk Clusters

STRATEGIC RISK CLUSTER	IDENTIFIED RISKS
Reach more people	Fail to engage Public in museum content and deliver a world class museum experience.
	Lack of street presence.
Transform building & collections	Failure to attract required charitable and philanthropic funding and deliver full Future Museum capital programme.
	Failure to maximize the Domain and Manu Taiko buildings potential for public engagement, collections and workforce.
	Short term cash flow issue due to the Future Museum projects planned for 2019-2023 being brought forward.
	Dependency of Storage of Wet collections on third party commercial arrangements.
Stretch thinking	Failure to stretch our audiences' thinking and deliver museum collection Research with impact.
Lead a digital museum revolution	Failure to maximise Museum digital experience through personalisation, interactivity and richness of content.
	Failure to utilise digital technology available to create rich experiences.
Engage every schoolchild	Failure to transform education offer with broad appeal, relevance and point of difference.
	Failure to be relevant, aligned and connected to modern curriculum developments and Learning pedagogies.
Grow our income and enhance value for Aucklanders	Failure to enhance funding through commercial activities, grants and fundraising.
	Unsustainable business model with heavy reliance on public funding.
	Failure to deliver greater value for all our audiences.

APPENDIX D – Risk Management Framework examples to come

Eg Pest infestation, fire, theft

APPENDIX E – Auckland Museum Risk Appetite Matrix

	People	Property	Collection	Financial	Trust/ Reputation / Relationship	Regulatory/ Legal			
Major Likely to impact the organisation in such a way that it would take a significant amount of time to recover from such an event, if at all. Time frames could well be in excess of 3-5 years. May result in closure of a significant portion of the organisation.	Multiple fatalities that could have been avoided or an event which will be long remembered and could significantly diminish the trust and standing of the organisation into the future.	Events / Disruptions that could have been avoided that results in closure of a venue or part of the organisation or operations for a significant period of time or an event which will be long remembered and could significantly diminish the standing of the organisation into the future.	Deterioration/loss/ damage to a substantial or significant part of the collections in our care that has a lasting impact and could significantly diminish the standing of the organisation into the future.	A loss greater than $5m. A severe financial blow to the organisation which would lead to a collapse or other drastic change in organisational structure. An opportunity to enhance financial results greater than $5m.	Serious adverse public attention, with sustained media coverage. Trust and Reputation damaged. Potential impacts on relationships with stakeholders, directors and staff. Potential impact on future funding. Potential national and international reputation ramifications. Garner political attention and politicians enter public debate.	Very serious regulatory outcome, leading to ministerial sanction or criminal prosecution of directors and/or officers of the organisation.	**Moderate**	**High**	**High**
Moderate Would challenge the organisation in the short to medium term and need considerable involvement from executives, board and audit/risk committee to resolve.	Serious injuries that could have been avoided – some erosion of the organisation's profile.	Property related damages / events that could have been avoided – some erosion of the organisation's profile.	Deterioration/loss/ damage to part of the collections in our care – some erosion of the organisation's profile.	A loss or opportunity between $500k and $1m.	Undesirable media attention related to specific issue/ incident. Reactive communications plan and key messages developed to mitigate risk	Moderate fines or sanction from regulatory body. Unwanted and unnecessary. Creates ongoing sensitivity within the organisation and with regulators.	**Low**	**Moderate**	**High**
Minor Small impact on the organisation, and would be dealt with in the day-to-day operational process, with limited involvement from executives.	Localised incident.	Localised incident.	Localised incident.	A loss less than $20k.	Low public impact e.g. social media . Contained .	Small fine.	**Low**	**Low**	**Moderate**
							Unlikely	**Possible**	**Likely**
							For the risk to eventuate, a number of unlikely factors need to occur simultaneously. The event may occur in exceptional circumstances.	The nature of the risk is such that a number of factors would need to occur for the risk to eventuate. The event is expected to occur in a 5 year period.	This risk is part of the day to day business operations. The event is expected to occur on a regular basis per annum.

Appendix F – Audit and Risk Committee/Trust Board Risk Reports

	Risk Cluster	Executive(s) Responsible	Supporting Documents
Dynamic Risks – reported bi-monthly	Political relationships	Chief Executive Director of Marketing and External Affairs Tumuaki Māori and Pacific Development	ePanui Development team reports Membership reports
	Māori Relationships	Chief Executive Tumuaki Māori and Pacific Development	Taumata-a-Iwi He Korahi Māori He Ara Whaowhia Teu le Va
	Social License	Chief Executive Director of Marketing and External Affairs Tumuaki Māori and Pacific Development	VMR reports Media reports Surveys / feedback
	Legislative Environment	Chief Executive Executive Team Governance & Risk Manager	AWMM Act 1996 Health & Safety at Work Act 2015 Employment Relations Act 2000
	Relevance	Chief Executive Director of Marketing and External Affairs Director of Public Experience	VMR Reports Media reports
	Funding	Chief Executive Director, Enterprise & Finance Director of Marketing and External Affairs	Fundraising Policy Investment Policy
Static Risks - reported bi-annually	Safety & Care of Collections	Director of Collections and Research	Collection Care Reports Health and Safety Reports
	Major Disruption	Chief Executive	Disaster Recovery Plan Business Continuity Plan

	Financial Risks	Director of Enterprise and Finance	Financial and Investment Reports Annual Audit Report
	People Related	Director, People & Organisation	He Waka Eke Noa
	Technology Capability	Director of Public Experience	Technology Risk Register
	Health and Safety	Director of People and Organisation Director of Enterprise and Finance	Health and Safety Reports
	Legal Regulatory	Chief Executive	Compliance Report
Strategic Risks - reported bi-monthly	Identification of Strategic Goals	All	Five Yar Strategic Plan Annual Plan goals
	Delivery of Strategic Goals	All	Statement of Strategic Performance (SSP)